



# **INTERIM JOINT COMMITTEE ON TRANSPORTATION**

## **KENTUCKY TRANSPORTATION CABINET**

**August 9, 2005**

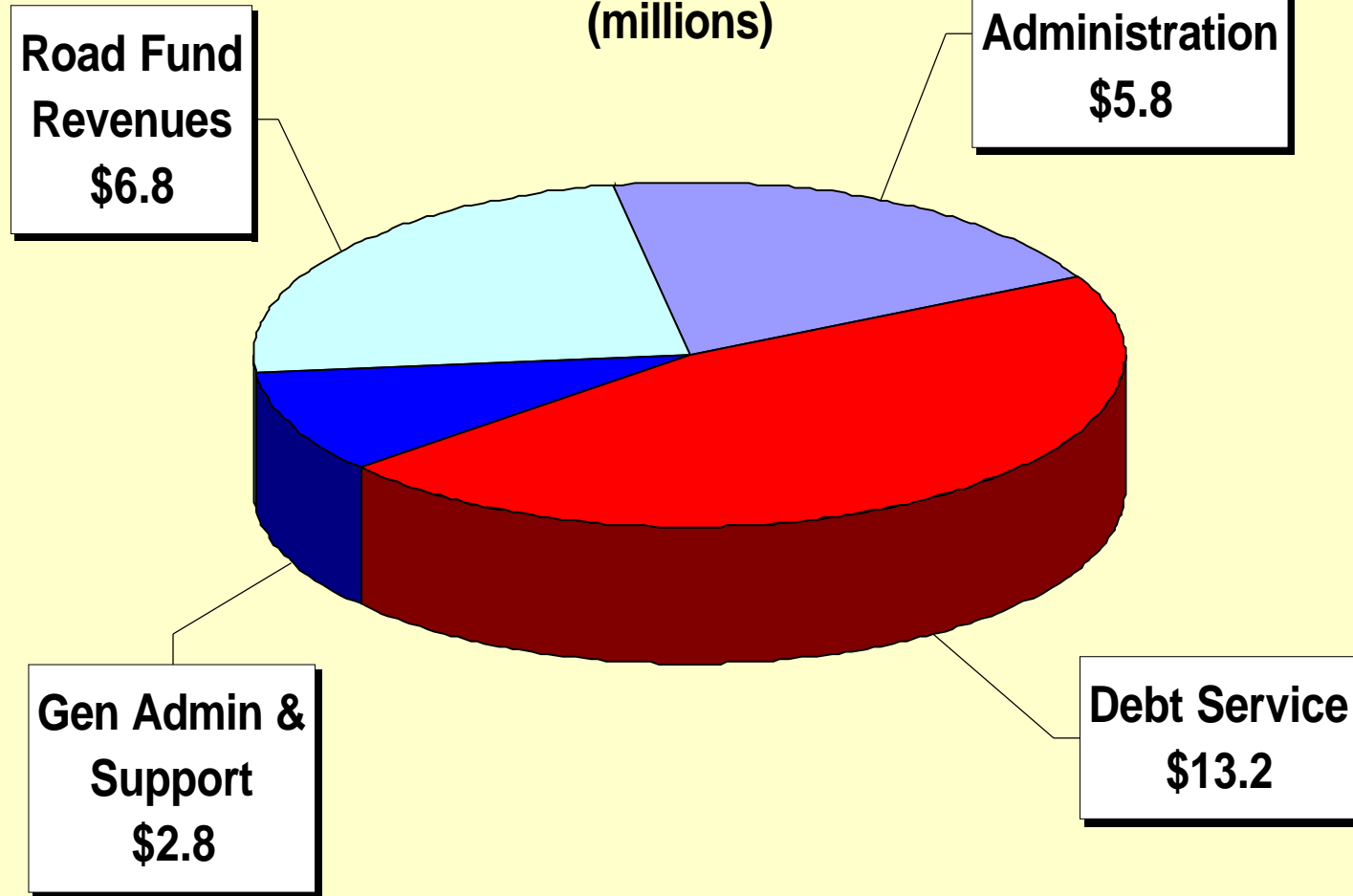
# FY 2005 ROAD FUND REVENUES

## Actual vs. Estimate

	FY 2005 ACTUAL	FY 2005 ESTIMATE
Motor Fuels & MF Use	\$490.8	\$490.8
Motor Vehicle Usage	407.5	405.5
Weight Distance	83.1	83.5
Motor Vehicle Licensing	91.9	89.1
Investment Income	5.5	4.9
Other	47.8	45.9
<b>TOTAL</b>	<b>\$1,126.6</b>	<b>\$1,119.7</b>

# Road Fund Surplus

Fiscal Year 2005  
(millions)

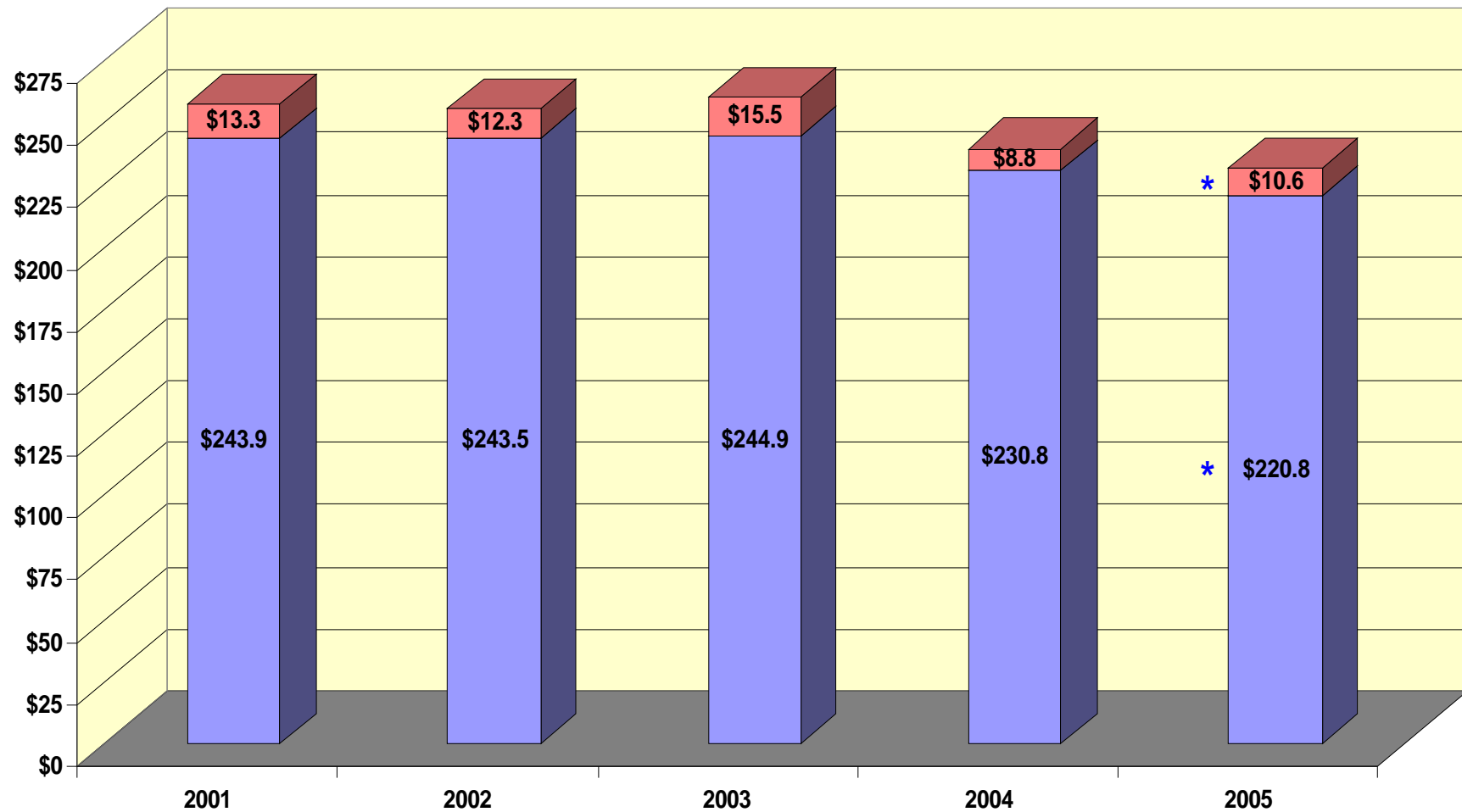


**FY05 Road Fund Surplus: \$28.6 M**

# KENTUCKY TRANSPORTATION CABINET

## PAYROLL EXPENDITURES by CALENDAR YEAR

(In Millions)



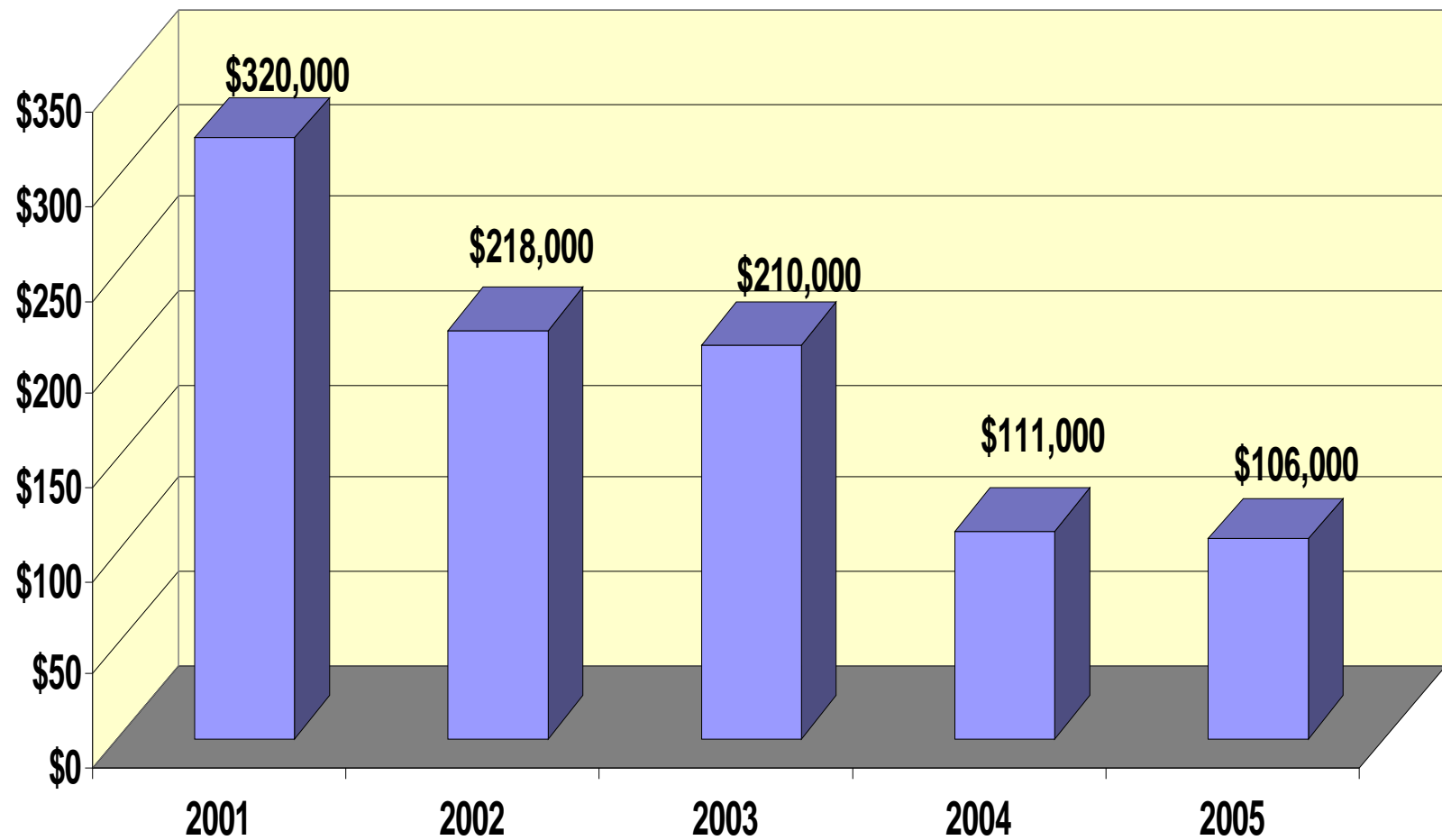
\* Annual totals are estimated based on 6 months actual expenditure data.  
Excludes health insurance costs.

■ OVERTIME, BLOCK 50, OTHER ADJ'S  
■ SALARIES/BENEFITS

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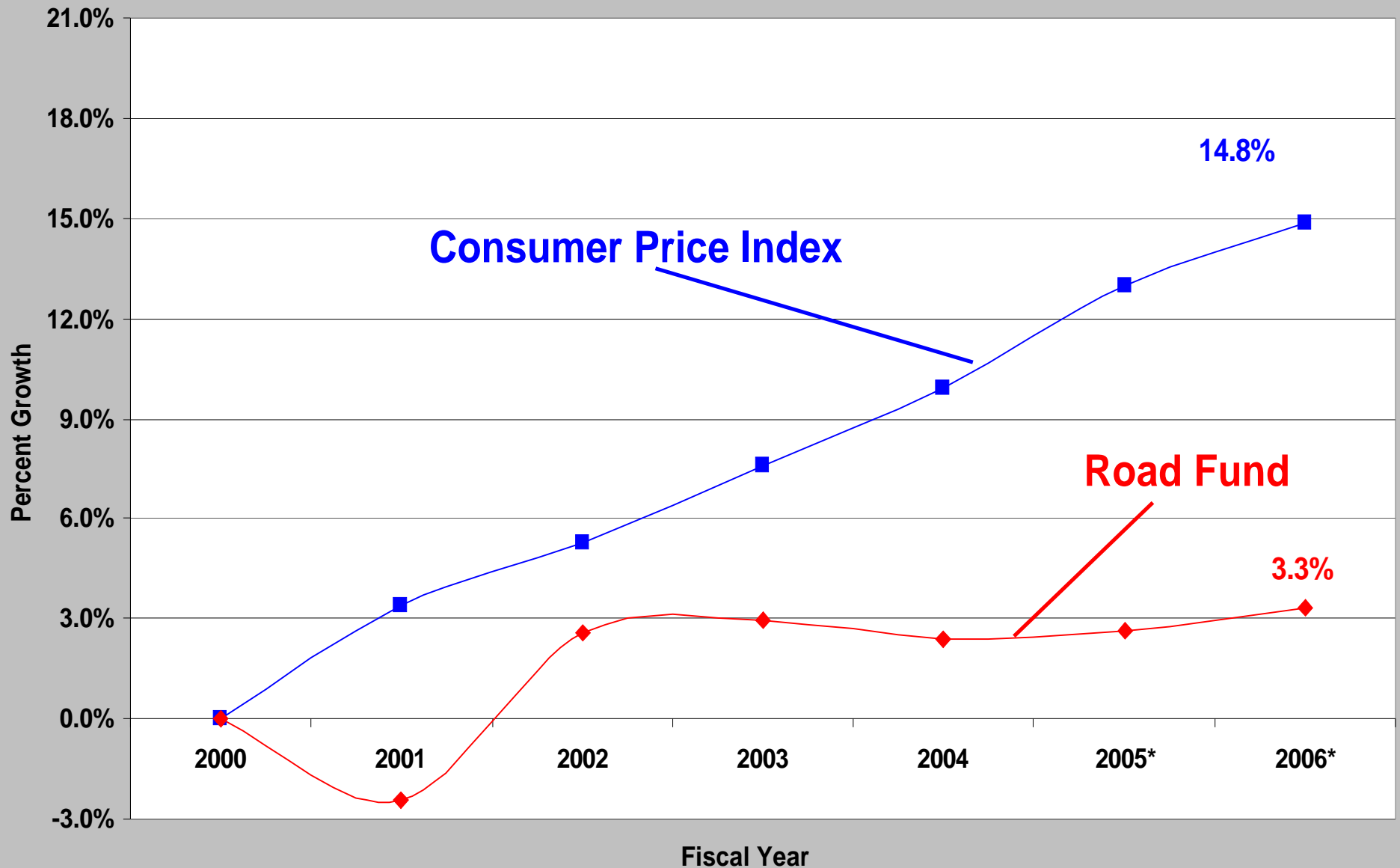
## KENTUCKY TRANSPORTATION CABINET DECLINE IN OUT-OF-STATE TRAVEL



# FY 2005 ROAD FUND REVENUES COMPARED TO PREVIOUS YEARS

	REVENUES (millions)				GROWTH RATE		
	FY05	FY04	FY03		FY05	FY04	FY03
Motor Fuels & MF Use	\$490.8	\$460.0	\$453.6		6.7%	1.4%	2.1%
Motor Vehicle Usage	407.5	429.2	432.9		-5.1%	-0.9%	0.8%
Weight Distance	83.1	79.6	76.9		4.4%	3.5%	2.1%
Motor Vehicle Licensing	91.9	93.4	76.2		-1.6%	22.6%	-9.8%
Investment Income	5.5	7.5	29.1		-26.7%	-74.2%	-9.6%
Other	47.8	47.0	54.4		1.7%	-13.6%	1.9%
<b>TOTAL</b>	<b>\$1,126.6</b>	<b>\$1,116.7</b>	<b>\$1,123.1</b>		<b>0.9%</b>	<b>-0.6%</b>	<b>0.4%</b>

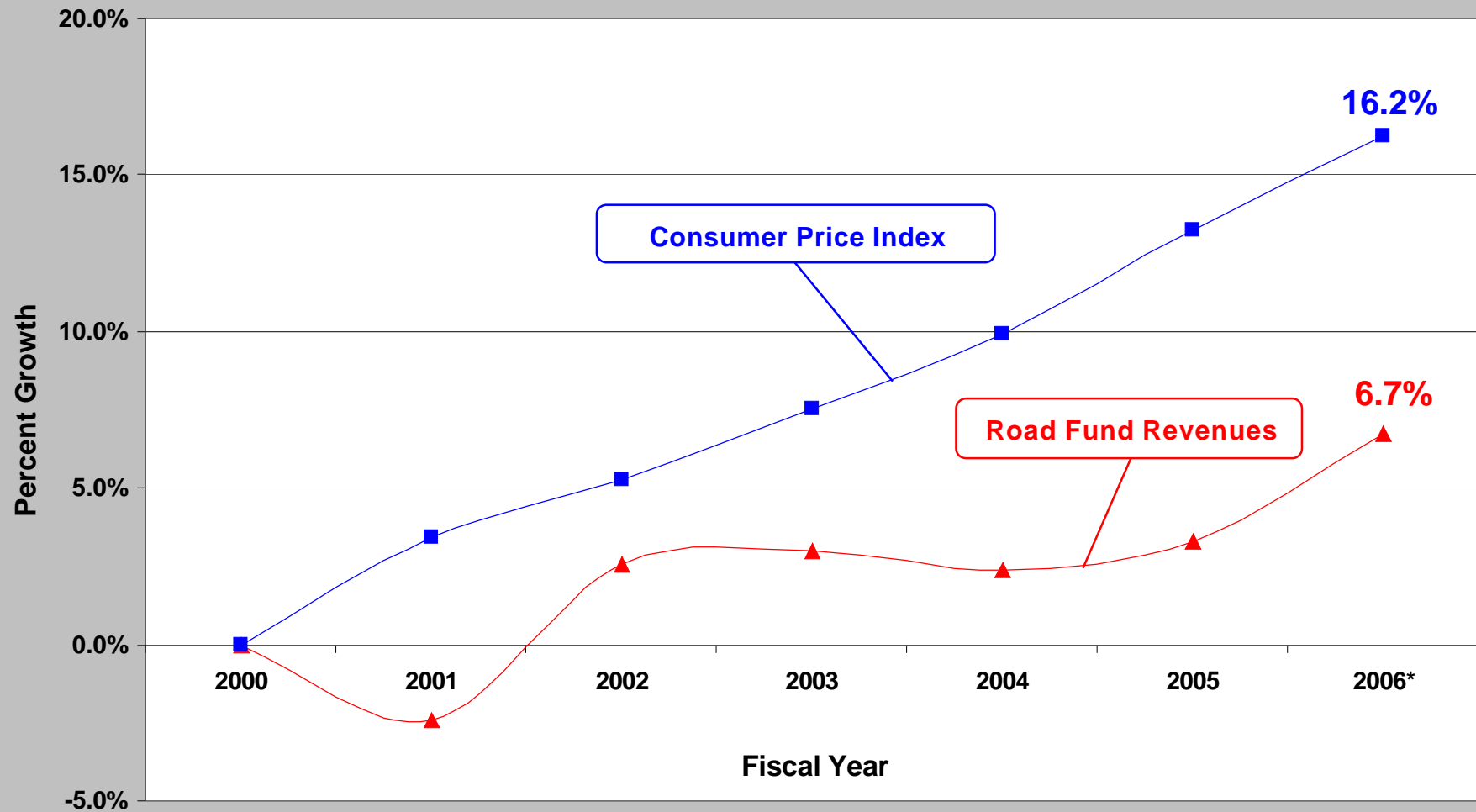
# ROAD FUND GROWTH COMPARED TO CPI FROM FY 2000 - JANUARY 2005



\* FY05 & FY06 are based on January, 2005 Consensus Forecasting Group Estimate.

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## ROAD FUND GROWTH COMPARED TO CPI FROM FY 2000 - AUGUST 2005



\* FY06 Road Fund Revenue based on appropriation in HB267 which includes revenue initiatives. Also includes additional \$8.25M for additional Motor Fuels' revenue anticipated in 1st Quarter of FY06 due to increase in wholesale price of fuel.

# KENTUCKY GASOLINE RATE

## Gasoline Tax Rate

*KRS 138.220(1)*

<sup>1</sup>     $\$1.11 \times 9\% = 10\text{¢}$

<sup>2</sup>     $\$1.22 \times 9\% = 11\text{¢}$

<sup>3</sup>     $\$1.34 \times 9\% = 12.1\text{¢}$

## Motor Fuel User Tax

*KRS 138.220(2)*

5¢

5¢

5¢

17.1¢

UST Fee    1.4¢

**TOTAL    18.5¢**

<sup>1</sup> Minimum price of \$1.11 effective July 1986

<sup>2</sup> KRS 138.210(1)(b) limits any annual increase to 10% over the AWP at the close of the last fiscal year. Actual average price calculated at \$1.27 effective July 2004.

<sup>3</sup> The increase is limited to 10% over the AWP at the close of the previous fiscal year. The actual average gasoline wholesale price calculated to \$1.69 effective July 2005.

# FY 2006 KYTC CASH MANAGEMENT PLAN

Quarterly Cash Flow Report (based on Projects Approved to Date)

Quarterly Projections as of June 30, 2005 (In Millions)				
1st 2005	2nd 2005	3rd 2006	4th 2006	Total FY 2006

## Cash Inflows:

Beginning Balance	228.7	191.0	213.4	290.8	
*Quarterly Receipts	<u>438.5</u>	<u>435.9</u>	<u>389.0</u>	<u>444.7</u>	2,864.3
Total Available Cash	667.2	626.9	602.4	735.5	

## Cash Outflows:

Non-6YP Expenditures	248.8	209.8	176.6	318.6	440.4
Available Cash Balance for Hwy Projects	418.4	417.1	425.8	416.9	
Estimated Expenditures on P.A. Projects	<u>227.4</u>	<u>203.7</u>	<u>135.0</u>	<u>179.5</u>	245.9
<b>Revised Net Cash Balance</b>	<b>\$191</b>	<b>\$213</b>	<b>\$291</b>	<b>\$237</b>	

\* includes all road fund appropriations and federal receipts based on projects approved to date

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# **Contracting Activities and Funding Outlook Department of Highways**

- Review of 2004 contracting
- Update on status of 2005 construction season
- Review efforts to improve contract bidding and change order processes
- Discuss expected impact of federal transportation bill



# **Status of Construction Lettings and Programs - Calendar 2004 -**

- \$460 million in contract lettings
- \$163 million in total contract payments (35%) to-date on 2004 awarded contracts

# **Status of Construction Lettings and Programs - Calendar 2004 -**

- **FD05 (Resurfacing)**
  - \$62 million let with 35% paid to date
- **FD04/FD39 (State Construction)**
  - \$7.5 million let with 80% paid to date
- **FD52 (Federal Construction)**
  - \$312 million let with 30% paid to date
- **FE01/FE02 (Maintenance)**
  - \$34 million let with 23% paid to date

# **Status of Construction Lettings and Programs - Calendar 2005 -**

- Year-to-Date Project Awards
  - \$380 million
- August 5 Letting (Pending Award)
  - \$50 million
- Remaining 2005 Lettings
  - \$300 to \$350 million in projects anticipated
- Target 2005 Letting Total
  - \$730-\$780 million

# **Status of Construction Lettings and Programs - Calendar 2005 -**

- **FD05 (Resurfacing)**
  - \$60 million let with \$25 million remaining
  - Represents a \$20 million increase over past years
- **FD52 (Federal Construction)**
  - \$150 million let with \$200 million remaining
- **GARVEE Program**
  - \$22 million let with \$35 million remaining

# **Status of Construction Lettings and Programs - Calendar 2005 -**

- **FD04 (State Construction)**
  - \$40 million let
- **State Bond Program**
  - \$70 million let with \$130 million remaining

# Status of Construction Lettings and Programs - Calendar 2005 -

- The 2005 construction program represents the restoration of a strong construction program.
- Historic Construction Letting Totals:
  - 2004: \$460 million
  - 2003: \$656 million
  - 2002: \$694 million
  - 2001: \$775 million \* *KYTC record year*



## **Efforts to Improving Contracting Processes and Change Orders**

- Changes in engineer's estimating procedure have allowed for estimates that are on balance, more accurate and better able to account for price fluctuations in specific unit bid items (fuel, steel, etc.).
  - Since 2004, 50% of low bids fell within 10% of the engineer's estimate.
  - In 2002, only a third of low bids fell within 10% of the engineer's estimate.

# Reducing Change Orders

- KYTC closely monitors change orders with new electronic Transport/Site Manager Program.
- Quicker and more comprehensive review via electronic distribution.
- Automatic controls to limit processing until appropriate sign-off's are provided.
- Except for emergency circumstances, advance change order approval is required before work begins.



# **Reducing Change Orders (Continued)**

- Advance approval is required from the Commissioner on all change orders over \$100,000.
- All change orders go to the Commissioner for final approval.
- Full implementation of Transport/Site Manager is expected by May 2007.
- Implementation will include BAMS/DSS Collusion Detection Software.

# Reducing Change Orders (Continued)

## Contract Modifications as a Percentage of Total Contract Establishments

FISCAL YEAR	CONTRACTS ESTABLISHED	ALL MODIFICATIONS PROCESSED DURING YEAR (3)	% OF TOTAL (4)
2000	\$627,608,983.86	\$89,560,747.19	14.27%
2001	\$746,477,695.94	\$101,606,765.39	13.61%
2002	\$837,549,727.27	\$71,745,388.62	8.57%
2003	\$836,881,700.99	\$94,429,102.36	11.28%
2004	\$450,385,017.92	\$105,181,359.76	23.35%
2005	\$538,865,307.96	\$43,347,478.54	8.04%
2006 to date	\$181,360,758.04	\$9,690,007.04	5.34%
	\$4,219,129,191.98	\$515,560,848.90	12.22%

***Note: Contracts include construction, resurfacing, mowing, striping and other contract maintenance activities***

# **Federal Transportation Program Reauthorization!**

- H.R. 3 establishes a guaranteed spending authority of \$286.4 billion over six years.
- Gives Kentucky an average annual federal apportionment of \$632.7 million over FY 05-FY 09 compared to \$485.5 million for six years of TEA-21.
- This represents a 30% increase in funding levels for Kentucky.

# **Federal Transportation Program Reauthorization!**

- Over \$350 million in special earmark projects are included for Kentucky in H.R. 3.
- These funds are included in the \$632.7 million average annual federal apportionment noted for Kentucky.

# Looking Ahead

- KYTC will continue to rely upon improved efficiency and innovative financing mechanisms to provide a strong and sustainable transportation program for Kentucky.
- Increasing our maintenance funding to improve the condition, quality and character of our existing highway system.

# Looking Ahead (Continued)

- Working on 2006 Edition of the Six Year Highway Plan
  - Reflect new federal funding program
  - Cash management practices
  - Innovative financing
  - Strategic mega projects
    - Louisville Bridges
    - I-66 and I-69
    - Brent Spence Bridge



